

NEW JERSEY OFFICE OF THE INSPECTOR GENERAL

Mary Jane Cooper, Inspector General

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Inspector General Issues Report on Conduct of Former Assistant Commissioner of Division of Addiction Services

Investigation Reveals Instances of Favoritism in Agency's Grant Awarding Process

TRENTON – Inspector General Mary Jane Cooper today issued a report substantiating allegations regarding improprieties in awarding grants totaling \$7.7 million during Carolann Kane-Cavaiola's tenure as Assistant Commissioner of the Division of Addiction Services (DAS). The Office of the Inspector General (OIG) concluded that Kane-Cavaiola engaged in conduct violative of her trust as a State employee by securing unwarranted benefits for organizations with which she had a long-standing professional relationship.

The OIG investigation focused on allegations, received through an anonymous letter forwarded from the Governor's former Chief Counsel Stuart Rabner, involving two organizations: the Addiction Treatment Providers of New Jersey, Inc. (ATP) and the Associated Treatment Providers Management Services Network, Inc. (ATP-MSN).

"While Kane-Cavaiola acknowledged to OIG that there was an appearance of a conflict of interest between her duties as Assistant Commissioner of DAS and these organizations, we found nothing to indicate that she did anything to dispel that appearance or to recuse herself from decisions benefiting these organizations," Inspector General Cooper said. "The evidence collected during our investigation indicates that Kane-Cavaiola used her official position to secure benefits for ATP and ATP-MSN. Kane-Cavaiola did not treat ATP-MSN objectively when awarding grants and did not perform her duty to protect DAS funds."

ATP-MSN was supposed to provide services to DAS that should have been subject to public bidding, but were not. ATP-MSN was not required to comply with the same procedures required of other grant recipients; procedures that are intended to ensure that the State's goals and objectives are met and that funds are used appropriately. When Kane-Cavaiola was made aware of potential misuse of DAS funds by ATP and ATP-MSN, she did not investigate the possible misuse or take steps to prevent future misuse.

While ATP and ATP-MSN benefited substantially through grants authorized by Kane-Cavaiola, OIG was unable to determine any significant benefits to DAS or its clients as a result of the grants.

The report exposes instances of favoritism through the grant process with which ATP-MSN was awarded funds. In one case, Kane-Cavaiola redirected \$2.8 million in DAS funds from the original authorized purpose to the ATP-MSN grant. She authorized ATP-MSN to keep \$224,000 of the \$2.8 million for its own use and to distribute the remainder to treatment providers of ATP-MSN's choice without meaningful requirements on how the funds were to be used.

The analysis of the evidence gathered during OIG's investigation resulted in the following recommendations:

- DAS initiate efforts to recoup from ATP-MSN grant funds that were improperly spent.
- DAS internal controls be reviewed to assure that there is a system in place that is adequate to protect DAS funds.
- Additional training should be given to DAS staff to assure that they understand the processes in place and the importance of adhering to the procedures when awarding grants regardless of the identities of the grant recipients.
- DAS grant recipient management employees and Board members who are responsible for spending DAS grant funds receive training in their responsibilities to assure compliance with grant requirements
- OIG is referring this matter to the Division of Criminal Justice.

OIG is currently conducting a review of DAS, ATP and ATP-MSN financial records to determine whether the grants were properly awarded to ATP-MSN and whether the funds were used for the purposes for which they were awarded and in accordance with State and federal regulations. The results of that review will be provided in a separate report when completed.

The Division of Addiction Services Report is available on the OIG's website, www.state.nj.us/oig.

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